

Limitations to the 5% Data Set with Imputed Drug Costs

Although these data will provide information not readily available elsewhere about Medicare beneficiaries' prescription drug expenses, users should not rely exclusively on these data for pricing determinations. Use these data as a supplement to other data sources.

The Medicare Current Beneficiary Survey (MCBS) data were updated by the National Health Expenditure (NHE) projections, but not equalized for differences among payers.

The drug expenses do not reflect projected discounts and management savings that are expected to be achieved by PDPs.

The insurance effect, which is the induced utilization due to changes in insurance coverage, is not reflected.

The "matched" file does not include any differential changes in drug expenditures among different beneficiary groups.

The "matched" file reflects variations in drug expenses by different beneficiary groups (age, sex, insurance status, risk score or diagnostic group status, etc.), which would partially explain geographic differences. Due to limitations in the MCBS sampling, geographic differences due to prescribing patterns cannot be captured.

Drugs expenses for institutionalized beneficiaries are not included, and persons in managed care plans are excluded. Institutional and managed care drug expenses may differ from those in the data.